

REVENUE SHARING AND LOCAL PLANNING:  
THE FIRST YEAR'S EXPERIENCE

A THESIS

Presented to  
The Faculty of the Division of Graduate  
Studies and Research

by  
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In Partial Fulfillment  
of the Requirements for the Degree  
Master of City Planning

Georgia Institute of Technology

May, 1973

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Approved:

Chairman

Date approved by Chairman 6-5-73

## ACKNOWLEDGMENTS

I would like to extend my utmost appreciation to Dr. James C. Snyder for his patient, capable guidance in completing this thesis. Without his assistance, the task would have been almost impossible to fulfill. I would also like to thank Dr. Anthony J. Catanese and Dr. Robert K. Whelan for their constructive criticism of the work. In addition, thanks go to Professor Malcolm G. Little, Jr., for instilling a drive and desire for accomplishing seemingly unattainable tasks.

This thesis is dedicated to my wife, Rhonda, and my two children, Hillery and Dylan.

## TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS . . . . .	ii
LIST OF TABLES . . . . .	iv
Chapter	
I. INTRODUCTION . . . . .	1
Objective of Thesis. . . . .	8
Method of Study . . . . .	9
II. REVENUE SHARING AND LOCAL PLANNING . . . . .	10
History of Revenue Sharing . . . . .	10
Revenue Sharing Legislation . . . . .	14
The Relationship of Revenue Sharing to Local Planning. . . . .	20
III. STATEMENT OF PROBLEM . . . . .	26
Major Problem Areas . . . . .	27
IV. RESEARCH METHOD . . . . .	30
V. SURVEY RESULTS . . . . .	32
Hypothesis I . . . . .	32
Hypothesis II. . . . .	36
Hypothesis III . . . . .	39
Hypothesis IV. . . . .	41
Hypothesis V . . . . .	44
Hypothesis VI. . . . .	46
Summary of Interviews. . . . .	48
VI. CONCLUSIONS . . . . .	54
VII. FUTURE IMPLICATIONS OF THE REVENUE SHARING PROGRAM FOR LOCAL PLANNING . . . . .	59
APPENDIX. . . . .	60
LITERATURE CITED. . . . .	64
BIBLIOGRAPHY. . . . .	67

## LIST OF TABLES

Table	Page
1. Computation of County Area General Revenue Sharing Allocation. . . . .	19
2. Localities Interviewed and the Amount of Funds Received During the Initial Funding Period of the General Revenue Sharing Program . . . . .	31
3. Interview Results . . . . .	49

## CHAPTER I

### INTRODUCTION

A federal system of government must always face the problem of maintaining an appropriate balance of power among its component units of government. A current trend in this respect involves a movement to shift fiscal power from the federal government to state and local governments under what can generally be called "Fiscal Federalism."<sup>1</sup> The State and Local Fiscal Assistance Act of 1972<sup>2</sup>--better known as the general revenue sharing act--is one of the landmark events which attempts to promote this shift of fiscal responsibility to state and local units of government. Although this shift in fiscal responsibility will affect both state and local units of government, this thesis will only examine the implications of the revenue sharing program in terms of how it relates to local units of government.

The theoretical basis for the involvement of the federal government in state and local financial activities stems from two basic concepts: efficiency and equity. The term "efficiency" refers to the ability of state and local governments to provide an adequate amount of services to their local populace. The ability of these units of government to supply needed services to their constituents is often affected by two phenomena known as "intergovernmental spillovers" and "fragmentation." As a result of "intergovernmental spillovers," many units of local government are reluctant to supply services at levels capable of fulfilling the needs of their constituents.<sup>3</sup> For example, a local government, by providing an educational system, is likely to provide benefits to immigrants from other surrounding communities. In

addition, persons educated in one jurisdiction, by transferring to another community following graduation, will transfer the educational benefits of the original community to other areas. The spillover effect can lead local governments to spend less on local education since the long-run benefits are not perceived to accrue to the community. In order to insure that the level of education is relatively equal throughout all communities, a higher level of government must, in many cases, contribute to the local financing of educational services.<sup>4</sup>

The need for increased federal financial assistance to state and local levels of government is often questioned on the basis of how much the aid will influence the ability of lower levels of government to make their own financial decisions. As John F. Due, Professor of Economics at the University of Illinois, has indicated:

Division of governmental activities among several levels of government requires fragmentation of the overall tax structure in the sense that portions of the overall structure are levied and administered by several units of government. Fragmentation is necessary if each level is to have autonomous financial resources, rather than merely serving as an agency to spend money collected by the national government.<sup>5</sup>

However, besides allowing financial autonomy, fragmentation also gives rise to a number of financial problems.

By allowing the various units of state and local government to determine their own tax policies, it is difficult to attain an optimal overall tax structure.<sup>6</sup> For example, if one unit of local government determines that the best method by which to attract industrial development to the community is through tax concessions granted to new industry, surrounding governmental units will be forced to follow the established concession policy in order to compete for new industrial facilities, thus equalizing the

effect of the concession. The result of such concessions will be a loss in tax receipts without enhancing the potential of the community to compete with surrounding areas for new industrial development.

Fragmentation of the tax structure also results in the duplication of many tax administrative and compliance activities among subordinate units of government.<sup>7</sup> Due to the separation of governmental jurisdictions, many overlapping activities are duplicated by different levels of government. For example, a personal individual income tax is collected, in most states, by both the federal and state governments. This arrangement results in the duplication of many administrative activities which could be avoided by a combined collection system at either the federal or state level of government. However, due to the desire for autonomy at both levels of government, compliance is difficult to attain in the combination of services at either level of government.

The term "equity," in relation to intergovernmental fiscal relations, refers to the ability of the numerous units of government to collect adequate revenues to finance the distribution of public goods.<sup>8</sup> If each community contained an equal distribution of high-, middle- and low-income residents, and used identical techniques by which to collect revenue from its local populace, an equitable arrangement for the collection and expenditure of local revenues could feasibly exist. However, the distribution of population, income class, and tax base among the various units of government has created an uneven distribution of public goods. The uneven distribution constitutes a theoretical justification for making certain types of intergovernmental transfers of funds.<sup>9</sup>

As Bruce F. Davie and Bruce F. Duncombe have indicated:



Some local jurisdictions will find it much more difficult than others to raise the revenues required, given the tax base located within their boundaries. Raising revenue can be difficult both because of the concentration of demands for public services placed on certain jurisdictions and because of limited tax bases. An area may be poor in the sense that incomes, retail sales, property values, and other potential tax bases are low, relative to the population. A jurisdiction can also be hard-pressed because of extraordinary demands for public services. Demands for police protection, transportation facilities, health services, and other services to cope with the many manifestations of what has come to be called the urban crisis, have created municipal overburdens.<sup>10</sup>

In order to offset the inequalities and inefficiencies which have resulted from intergovernmental spillovers, fragmentation of local fiscal policies, and the need to distribute an equitable amount of expenditures throughout the nation, and at the same time assure local autonomy, the federal government has taken the initiative to assist state and local units of government in meeting the needs of their constituents through financial allocations. The major financial allocations have been in the form of grants-in-aid and, more recently, general revenue sharing. Under the grant-in-aid system, the federal government grants funds to the state and local units of government for a particular function to induce it to raise the level of services for the particular function. To insure that the recipient of the grant does not lower its own contribution to the particular activity, the unit of local government is generally required to supply a matching amount of revenue with which to finance the function. This type of grant-in-aid program has been typically called the "categorical grant program."<sup>11</sup> The term "categorical" refers to the fact that the funds can only be used for a particular function, such as urban renewal or open space development. If the federal government funded a categorical grant program for a local unit of government, the community could be required to share the cost of the program

on a matching basis. The federal government would supply a certain percentage of the funds and the local unit of government would supply the remaining portion of the total cost of the particular program.

All grant-in-aid programs are characterized by a certain measure of control over the use of funds. Much debate has resulted over the amount to which controls limit the autonomy of the recipient unit.<sup>12</sup> For example, since the grant-in-aid funds must be used to finance a particular function, such as urban renewal or open space, local units of government are not allowed to determine the categories of expenditures for the funds. In other words, their fiscal decisions are limited.

Unlike the grant-in-aid programs, revenue sharing does not place strict limits on the use of allocated funds. The revenue sharing program is not intended to replace all grant-in-aid programs, but to reduce the number of programs and, in turn, allow the transfer of more block grants to state and local units of government. The present form of revenue sharing used in the United States was established by the State and Local Fiscal Assistance Act of 1972,<sup>13</sup> better known as the general revenue sharing act. As presently operated, the general revenue sharing program allocates approximately \$30.2 billion from the annual federal individual income tax receipts to each state and local unit of government for a five-year period beginning January 1, 1972. The state governments retain one-third of the total amount of funds allocated to the state, and are unrestricted in the use of funds as long as their use is legal under state law, and they are not used as matching funds for other federally funded projects. Local units of government in each state are entitled to two-thirds of the total allocations to the state, and must spend their funds for certain "priority expenditures." The "priority

expenditures" as defined by the State and Local Fiscal Assistance Act of 1972<sup>14</sup> are:

- a. public safety (including law enforcement, fire protection and building code enforcement);
- b. environmental protection (including sewage disposal, sanitation and pollution abatement);
- c. public transportation (including transit systems and streets and roads);
- d. health;
- e. recreation;
- f. libraries;
- g. social services for the poor or aged;
- h. financial administration; and
- i. ordinary and necessary capital improvements.

Unlike many of the grant-in-aid programs operated by the federal government, local units of government are not required to solicit general revenue sharing funds through a formal application process. This allows the units of government to spend more of their valuable administrative time determining ways in which to spend the funds rather than justifying a need for receiving the funds. The general revenue sharing funds are allocated and distributed automatically to each unit of local government on a quarterly basis. The program is authorized to continue granting funds to the state and local units of government through 1976.

In addition to the general revenue sharing program, there is also a current proposal for the adoption of a "special" revenue sharing program. Although the program is not finalized at this time, the general feeling is that the "special" revenue sharing program will grant sums of money to local

units of government for specific classes of use. For example, under the "special" revenue sharing program, if a local government receives funds to undertake an urban renewal program, the funds can only be used to finance activities related to the urban renewal project. The major difference between the proposed "special" revenue sharing program and the categorical grant programs is that the formal ad hoc application procedure and close supervision of project activities by governmental agencies will not be required under the proposed "special" revenue sharing program. Local units of government will be free to plan and implement activities under the "special" revenue sharing program as long as the funds are used to accomplish the objective of the funding arrangement. For example, if a local unit of government receives a grant under the "special" revenue sharing program, the money will be allocated to the community for a specific use such as law enforcement assistance or urban renewal. The community will be required to use the funds for the specific project, but will be free to design its own methods by which to spend the funds for the specific program. Thus, the internal requirements of the "special" revenue sharing program will be much more flexible than the grant-in-aid programs, and will allow local units of government to design their own strategies by which to complete projects.

In summary, the theoretical basis for the transfer of funds from the federal to the state and local levels of government stems from two basic concepts: efficiency and equity. In order to insure that an adequate amount of services is distributed to all segments of the total population, regardless of the desire or ability of local units of government to support the activities, the need for a higher unit of government to assist local units of government in meeting the needs of their constituents has been

established. However, the financial assistance which is granted to an area is often questioned due to the amount of autonomy, or ability to make financial decisions, which it can potentially remove from the local units of government.

Historically, the federal government has sought to assist state and local units of government in meeting their financial needs through the use of grants-in-aid. However, these programs have received a considerable amount of criticism due to the control which the federal government has over the use of the grant funds. In reaction to the need to allow local units of government a stronger voice in determining the needs of their own communities through local financial decisions, the revenue sharing concept has evolved. The current form of sharing federal funds with state and local units of government was established by the State and Local Fiscal Assistance Act of 1972, or the general revenue sharing act. The program automatically allocates an annual portion of the federal individual income tax receipts to state and local units of government, with relatively no restrictions of the use of funds. Thus, state and local units of government are given more control over the ways in which funds are administered throughout their communities.

### Objective of Thesis

The objective of this thesis is to examine the relationship between the expenditure of general revenue sharing funds and established planning goals and objectives in localities within a 60-mile radius of the city of Atlanta during the first year of fund allocation. Established planning goals and objectives are defined as locally adopted policy statements which

are intended to guide the expenditure of local funds, or an established listing of priority needs in the community which are used in the allocation of local revenue. The federal government's intended use of the funds is compared with the actual use of the funds by localities. Emphasis is placed on the extent to which the general revenue sharing program was used to meet the established local plans for community growth and development.

### Method of Study

Information included in this thesis has been obtained from a survey of available literature pertaining to revenue sharing. In addition, interviews were conducted within a 60-mile radius of the city of Atlanta, Georgia, to a purposive<sup>15</sup> sample of mayors, city managers, city clerks, financial officers, and other individuals directly responsible for the expenditure of general revenue sharing funds for the initial funding period of the general revenue sharing program. Information obtained from the literature and interviews was analyzed in order to test hypotheses concerning the relationship between planning and general revenue sharing.

## CHAPTER II

### REVENUE SHARING AND LOCAL PLANNING

In order to establish a sound framework for an analysis of the relationship between revenue sharing and local planning, it will be necessary to examine the basic idea of revenue sharing from its inception to the present time. The present legal basis for general revenue sharing is the State and Local Fiscal Assistance Act of 1972, which will also be examined in this chapter. In addition, ways in which revenue sharing can create a need for local planning will also be discussed.

#### History of Revenue Sharing

Most authorities attribute the initial revenue sharing idea to Mr. Walter W. Heller. He first advocated the concept in 1964 while serving as Chairman of the Council of Economic Advisers under presidents Kennedy and Johnson. The idea was further developed by a task force appointed by President Johnson in 1964, and headed by Joseph A. Pechman, economic director of the Brookings Institute.<sup>16</sup>

The idea of local units of government obtaining a greater share of federal funds soon gained momentum throughout the nation. Many elected officials felt that state and local governments were facing serious financial difficulties, while the federal government was expected to mount a vast surplus of funds. These officials felt that if the war in Vietnam was ended and federal individual income tax receipts continued to rise at present rates, the normal growth of the economy and population would continue to

increase the annual federal individual income tax collections and create a tremendous surplus in federal revenues. They also felt that the state and local governments, due to the inelastic nature of their sources of revenue (sales and property taxes), would not be able to collect sufficient amounts of revenue to finance the demands generated by a rapidly increasing population with its demand for increased services.<sup>17</sup> Thus, state and local units of government felt that the federal government, with its expected surplus of revenue, should share the resources with units of government which were having the most difficulty in meeting the needs of their constituents.

Both the Democratic and Republican parties adopted the revenue sharing concept, and in 1968 approximately 90 revenue sharing bills were introduced in the 88th Congress of the United States.<sup>18</sup> President Richard Nixon made his first formal statement on revenue sharing in August 1969. At that time, he emphasized the need to create what he called a "New Federalism." Revenue sharing, he felt, would initiate a new federal-state relationship. He felt that the sharing of federal funds with state and local units of government would advance the decentralization of governmental power and enhance the potential restoration of a balance between national and state units of government.<sup>19</sup>

One of the major events which prompted President Nixon to seek alternative methods by which to redistribute federal dollars to state and local units of government was the rampant increase in federal grant-in-aid programs.<sup>20</sup> Prior to the inception of the revenue sharing concept, the main method by which the federal government gave financial assistance to state and local units of government was through categorical grants.<sup>21</sup>

The major complaint of the categorical grant-in-aid programs was the



amount of federal control exerted over the expenditure of the funds. With each of the grant programs there is a certain measure of federal control over the use of funds to insure that the recipient unit of government utilizes the funds wisely. Much debate has arisen over the amount of difficulty which the controls exert over the autonomy of the recipient unit of government. The policy of limiting the amount of federal governmental control over the operations of the grant programs to only those controls essential for accomplishing the purposes of the grant programs has been difficult to interpret. As a result, much criticism of the categorical grant-in-aid programs has arisen from strict control of expenditure decisions by governmental grant agencies.<sup>22</sup>

Improperly designed grant programs can lead state and local units of government to contribute more than the preferred optimum in order to obtain the categorical grant funds and, in turn, to spend less than the optimal amounts on other needed activities.<sup>23</sup> For example, if a city is in desperate need of both a new water and sewer system and additional equipment for the police and fire departments, and categorical grant funds can only be obtained for the water and sewer improvements, the locality would be reluctant not to participate in the grant program. If the grant program required the city to use such vast amounts of its funds that it would not be able to make the needed improvements to the police and fire departments, the city would be forced to contribute less than the optimal amount of funds to the police and fire departments in order to capitalize on the grant funds.

President Nixon felt that revenue sharing--a relatively unrestricted source of federal funds--was one of the best methods by which to halt, or at least curb the increasing array of categorical grant-in-aid programs. The

major thrust of his proposal was to simplify the structure of federal aid to states and local units of government in order to bring it under control and reduce the amount of wasted funds.<sup>24</sup> The idea of wasted funds refers to both the vast amounts of revenue required to administer the categorical grant programs, and the tremendous amounts of money which local units of government were spending in order to match greater amounts of federal dollars. Under the revenue sharing program, local governments are not required to match federal funds, thus allowing them to spend revenue without being persuaded to undertake unneeded projects in order to obtain a greater amount of matching funds.

In addition to reducing wasted funds caused by the categorical grant-in-aid programs, the revenue sharing program was also considered an ideal method by which to ease state and local fiscal tensions. On the revenue side, local units of government are meeting increased resistance from taxpayers as they increase local tax collections to supply needed services. On the expenditure side, the increasing demands for more governmentally supplied services place tremendous expenditure pressures on these units of government. It was felt that the revenue sharing program could relieve much of the tension created by the resistance to increasing taxes and the increasing demand for services by providing funds for the initiation of needed services without requiring increases in locally collected taxes.<sup>25</sup>

Through a maze of state, local, and congressional input and debate, and three U.S. Presidents, Public Law 92-512--better known as the State and Local Fiscal Assistance Act of 1972<sup>26</sup> or the General Revenue Sharing Act--was passed by the 92nd Congress of the United States on October 20, 1972. While the act's history and the general revenue sharing concept are

relatively new, the need for a viable means by which to allow local units of government to plan and finance their own destinies without making additional demands on the local populace is long overdue.

### Revenue Sharing Legislation<sup>27</sup>

The State and Local Fiscal Assistance Act of 1972--Public Law 92-512--was signed by both house of Congress on October 20, 1972. The act is the official justification for the dispersal of approximately \$30.2 billion in general revenue sharing funds to state and local units of government. The funds will be dispersed over a five-year period beginning January 1, 1972.

Title I of the act authorizes the Secretary of the Treasury to pay out of a Trust Fund a predetermined amount of revenue to each state and unit of local government. Each state government is entitled to receive one-third of the total funds allocated to that state. The remaining two-thirds of the total state allocation must be distributed among units of local government within the state.

### Use of Funds

As stated in Section 103 of the State and Local Fiscal Assistance Act of 1972, local governments may only spend general revenue sharing funds for "priority expenditures." The term "priority expenditures" is defined as:

1. ordinary and necessary maintenance and operating expenses for:
  - a. Public safety (including law enforcement, fire protection, and building code enforcement);
  - b. environmental protection (including sewage disposal, sanitation, and pollution abatement);

- c. public transportation (including transit systems and streets and roads);
- d. health;
- e. recreation;
- f. libraries;
- g. social services for the poor and aged; and
- h. financial administration.

2. ordinary and necessary capital expenditures authorized by law.

The state and local units of government are strictly forbidden from using funds as matching contributions for federally funded projects undertaken in the jurisdiction. Should the Secretary of the Treasury determine that funds have been used for matching capital, the state or local unit of government will be required to repay to the United States Government an amount equal to the funds which have been misused.

Trust Fund for Appropriations

The general revenue sharing act has established on the books of the Treasury of the United States, a trust fund to be used for the purpose of retaining revenue sharing funds. The money held in the trust fund is to be used only for the payment of revenue sharing funds to state and local governments. The money deposited in the trust fund is appropriated out of amounts in the general fund of the Treasury attributable to the collections of the federal individual income taxes not otherwise appropriated.

Allocations Among States

The amount of funds allocated to each state for any entitlement period is determined by either the Three or Five Factor Formula. Utilizing the Three Factor Formula, the amount of funds paid during each entitlement

period is the amount which bears the same ratio to \$5,300,000,000 as the population of that state, multiplied by the relative income factor of that state, bears to the sum of the products determined for all states.

The amount allocable to a state under the Five Factor Formula for any entitlement period is the amount to which the state would be entitled if:

1. one-third of \$3,500,000,000 were allocated among the states on the basis of urbanized population;
2. one-third of \$3,500,000,000 were allocated among the states on the basis of population;
3. one-third of \$3,500,000,000 were allocated among the states on the basis of population inversely weighted for per capita income;
4. one-half of \$1,800,000,000 were allocated among the states on the basis of income tax collections; and
5. one-half of \$1,800,000,000 were allocated among the states on the basis of general tax effort.

The Three Factor Formula is used to calculate the state's share of the total funds unless the state will receive more money by utilizing the Five Factor Formula.

#### Definitions of Terms Used in Calculating Formulas

The definition of each term used in calculating the allocations for state and local units of government is as follows:

1. Population of State. The population of each state is determined on the same basis as resident population is determined by the Bureau of the Census for general statistical purposes.

2. Urbanized Population. Urbanized population is defined as the population of any area consisting of a central city or cities of 50,000 or

more inhabitants--and of the surrounding closely settled territory for such city or cities--which is treated as an urbanized area by the Bureau of the Census for general statistical purposes.

3. General Tax Effort Factor. The general tax effort factor of any state for any entitlement period is the net amount collected from the state and local taxes of such state during the most recent reporting year, divided by the aggregate personal income of such state for the same period.

4. Relative Income Factor. The relative income factor for a state is a fraction, the numerator of which is the per capita income of the United States and the denominator of which is the per capita income of the state.

5. Income Tax Amount. The income tax amount of any state for an entitlement period is 15 percent of the net amount collected from the state individual income tax of the state during 1972 or (if later) during the last calendar year ending before the beginning of such entitlement period.

6. Population Inversely Weighted for Per Capita Income. An allocation to the states on the basis of population inversely weighted for per capita income is made by allocating to each state an amount which bears the same ratio to the total amount to be allocated as the population of such state, multiplied by a fraction, the numerator of which is the per capita income of all the states and the denominator of which is the per capita income of such state, bears to the sum of the products determined for all the states.

In order to insure that the general revenue sharing program is equally administered to all state and local units of government, these definitions are used in the allocation calculations for all units of government.

Allocations Among County and Local Governments

The amount of general revenue sharing funds allocated to the units of local government within a state for an entitlement period is allocated among the county areas located in each state. Each county area receives an amount which bears the same ratio to the total amount to be allocated to the units of local government within the state as the population of the county area, multiplied by the general tax effort factor of the county area, bears to the sum of the products for all county areas within the state. For example, if the total allocation for a particular state was \$15,000, the total population of the county area was 25,000 residents, the total adjusted taxes for the county area was \$2,000,000, the total income of all residents within all jurisdictions of the county area was \$200,000,000, the per capita income of all residents of the state was \$3,000, and the per capita income of the county area residents was \$4,000, the computation of the local county's share of the total state allocations to the county areas would be as indicated in Table 1.

Table 1. Computation of County Area General  
Revenue Sharing Allocations

State Allocation = \$15,000

One-third to State = \$5,000

Two-thirds to all County Areas = \$10,000

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(1)	$\frac{\$2,000,000 \text{ (Total adjusted taxes of all jurisdictions within county)}}{\$200,000,000 \text{ (Total income of all residents within jurisdiction of county area)}}$	= .01 Tax Effort)
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(2)	$\frac{\$3,000 \text{ (Per capita income of all residents, of state)}}{\$4,000 \text{ (Per capita income of all residents of county area)}}$	= .75 (Relative per capita income)
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(3)	$25,000 \text{ (population of county area)} \times .01 \text{ (general tax effort)} \times .75 \text{ (relative per capita income)}$
	= 250 (county area product)

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(4)	$250 \text{ (County area product)}$
+	$7,750 \text{ (Products of all other county areas in state)}$
	8,000 (Sum of products for all county areas in state)

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(5)	$\frac{250 \text{ (County area product)}}{8,000 \text{ (Sum of products for all county areas)}}$	= .03125 (County area allocation factor)
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(6)	$\$10,000 \text{ (Allocations for all county areas within state)}$
x	$.03125 \text{ (County area allocation factor)}$
	\$ 521 (County area allocation)



The county government is allocated that portion of the amount allocated to the county area for the entitlement period which bears the same ratio to such amount as the adjusted taxes of the county government bear to the adjusted taxes of the county government and all other units of local government located in the county area.

Revenue sharing funds which remain for allocation in a county area after funds have been granted to county governments are allocated among the units of local government (other than the county government and township governments) located in the county area. Each unit of local government receives an amount which bears the same ratio to the total amount to be allocated to all such units as the population of the local government, multiplied by the general tax effort factor of that local government, multiplied by the relative income factor of the local government, bears to the sum of the products of all such units.

If the county area includes one or more township governments, then before allocations are made to county governments there is set aside for allocations to such township government that portion of the amount allocated to the county area for the entitlement period which bears the same ratio to such amount as the sum of the adjusted taxes of all such township governments bears to the aggregate adjusted taxes of the county government, such township governments, and all other units of local government located in the county area. In addition, that portion of each amount set aside for each township government is allocated to each township government on the same basis as amounts are allocated to units of local government.

In summary, two-thirds of the total amount of general revenue sharing funds allocated to each state is granted to their county, local and township

units of government. The funds are granted to each county area based on the total population and general tax effort of the particular county. The amount of funds allocated to each county area is distributed among the county government (the unincorporated portion of the county area), the local units of government within the county area, and the township units of government within each county area. Allocations among local units of government within each county area are based on the population, general tax effort, and relative income of each unit of government.

#### Reporting Use of Revenue Sharing Funds

Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972 requires each state and local unit of government which receives funds, after the close of each entitlement period, to submit a report to the Secretary of the Treasury setting forth the amounts and purposes for which revenue sharing funds have been spent or obligated. After January 1, 1973, each state and local unit of government which intends to receive revenue sharing funds must submit a report to the Secretary of the Treasury setting forth the amounts and purposes for which it plans to spend or obligate funds. Also, each state and unit of local government is required to publish both reports in a newspaper which is published within the state and has general circulation within the geographic area of the government in question.

#### The Relationship of Revenue Sharing to Local Planning

It is felt that many planners, elected officials, and lawmakers have interpreted the State and Local Fiscal Assistance Act of 1972 as a significant step toward providing funds with which to implement locally adopted plans. However, as with any issue, there are exceptions to the rule. A

recent article in the Atlanta Journal-Constitution indicated that "Tennessee fiscal officials and lawmakers are beginning to wonder if the so-called 'Nixon revenue sharing' was not a campaign mirage, 'pie-in-the-sky' campaign propaganda, or maybe even a loss in dollars at both state and local levels."<sup>28</sup> This objection was prompted by the fact that President Nixon, following the passage of the revenue sharing act, halted the flow of much relied upon federal dollars in the form of grants-in-aid to local and state units of government.

Although the Tennessee officials and lawmakers who cherished the idea of flowing federal dollars in the form of grants-in-aid, were displeased with the recent cut-backs, the grant-in-aid programs were not without their faults in terms of planning for the future growth and development of an area.

Categorical grants have been severely criticized through the years by the federal government and recipients alike because, although they provide funds, they impose federal priorities on state and local governments and create distortions in the allocation of state and local resources.<sup>29</sup> For example, since it has been established through federal categorical grant programs that a locality can receive a matching amount of funds for doing certain federally approved projects--such as urban renewal and neighborhood development programs, park and open space projects, and planned water and sewer systems--many localities have avoided undertaking much needed capital improvements in order to capitalize on the available funds. The result of such action has led many cities to spend more funds on less optimal activities, and less funds on optimum local improvements which would yield the greatest benefit to local residents.<sup>30</sup> In addition, local units of government, if the matching funds were not available, have been encouraged to

generate additional capital through either increased taxes or bond issuances in order to obtain federal matching funds.<sup>31</sup> Such activity can lead to unwanted demands placed on the total population of an area for projects which will benefit only a certain segment of the community, or fulfill only one of the most urgent priority needs of the city.

The categorical grant-in-aid programs have allowed localities to place so much of their planning emphasis on programs which would bring the maximum amount of federal dollars into the community that the recent cut-backs in the grant-in-aid programs have left many cities with unfinished and unattainable planned projects. Since the financing of these plans and programs was predicated on the belief that federal funds would continue to flow into their community, the cut-backs have virtually destroyed their hopes for implementation.<sup>32</sup>

Although the recent cut-backs in several federal grant-in-aid programs have created a current state of disruption in terms of local planning, the revenue sharing program should tend to stimulate the importance of comprehensive planning in the years to come. As local units of government regain their trust in the federal government, which has been partially lost due to the abrupt cut-back in several federal grant-in-aid programs, the use of revenue sharing funds should tend to stimulate a need for planning local improvements. Since local governments will receive federal aid under the general revenue sharing program without being forced to demand more tax collections from the local populace in order to obtain matching federal dollars, the local populace should eventually demand that the funds be used in such a manner that will benefit all segments of the community.

The significance of the two closely related events--the passage of

the State and Local Fiscal Assistance Act of 1972 and the cut-backs in several federal grant-in-aid programs--in terms of comprehensive planning is twofold: (1) localities will no longer be persuaded to avoid needed capital improvements in order to undertake projects which will yield a one-half or three-fourths matching funds arrangement with the federal government; and (2) due to the requirements of Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972, local units of government will not be required to examine the future needs of their community, and thus enhance the importance and position of comprehensive planning in governmental operations. By not being persuaded to forego needed capital improvements in order to obtain matching funds for categorical grant-in-aid programs, cities can plan and implement activities which will satisfy the most urgent needs of their communities. For example, the general revenue sharing program will grant funds to the local units of government with relatively no set requirements on the use of funds, other than the "priority expenditures" requirement of the act which is broad enough to cover most local needs. Since the funds will not force local units of government to select one activity over another in order to satisfy the requirements of the general revenue sharing program, nor will they be required to increase tax collections from the local populace in order to obtain a larger amount of federal dollars, the local units of government can plan their financial expenditures in view of satisfying top priority activities, or planned goals and objectives of the community.

In addition, as required by the State and Local Fiscal Assistance Act of 1972, local units of government must submit an annual financial plan to the U.S. Department of the Treasury setting forth the amount of general revenue sharing funds which will be used for particular expenditures in the

community. In order to program the use of future funds, the local governments will be required to examine the use of local capital in terms of satisfying immediate local needs. By assessing local needs, in terms of financing their fulfillment, the local units of government will be required to make comparisons among the numerous community needs. The only feasible method by which to compare activities is to consider the needs in terms of their degree of severity, which is, in essence, the establishment of priorities by which to determine the expenditure of revenue. Thus, by requiring the local units of government to examine their future needs in terms of the expenditure of general revenue sharing funds, the importance of sound fiscal planning in local governmental operations will be enhanced.

### CHAPTER III

#### STATEMENT OF PROBLEM

The major objective of the revenue sharing program is to aid state and local units of government by providing a direct repayment of a portion of the federal individual income tax receipts to those units of government. The program attempts to shift, at least partially, additional fiscal capability from the federal to state and local units of government. In addition, unlike the grant-in-aid programs, the local units of government are not encouraged to increase local taxing efforts in order to raise funds with which to match federal dollars under the general revenue sharing program.

It was also felt that the transferring of funds was synonymous with the transferring of power from the national to the state and local levels of government. The term power relates to the ability of units of government to plan activities through their own financial decisions. Under the general revenue sharing program, state and local units of government are given more control over the expenditure of federal funds than they have previously been allowed under the other federal funding arrangements, such as the categorical grant-in-aid programs.

Coupled with the many advantages of the general revenue sharing program are also many problems which state and local units of government throughout the nation are inevitably going to face during the initial year of funding. Since this thesis is only considering the relationship between the revenue sharing program and local units of government, this chapter will discuss the anticipated problems which local units of government should encounter during the initial year of the general revenue sharing program.

### Major Problem Areas

The major problems and general hypotheses to be examined in this thesis are discussed in this section. The hypotheses are based on potential difficulties which could result during the initial year of the general revenue sharing program. In order to conduct a valid analysis of the hypotheses, they were tested in various sizes of cities within a 60-mile radius of the city of Atlanta, Georgia. The cities tested include an equal distribution of large, intermediate and small sized communities. By grouping the cities in this manner, comparisons can be made among the various sized communities. In addition, since several of the hypotheses were not applicable to all sizes of cities, the groupings enable a valid test in only those areas which conform to the contention of each hypothesis.

The hypotheses tested in this thesis are discussed as follows:

(1) Localities which have adopted goals and objectives for community growth and development will have difficulty in implementing adopted programs due to the required use of funds for "priority expenditures" as defined by Subtitle A, Section 103 of the State and Local Fiscal Assistance Act of 1972. The hypothesis is based on the belief that most units of local government have placed their major planning emphasis in functional areas which are not consistent with the established "priority expenditures" contained in the act.

(2) Revenue sharing funds will be used to finance short-term projects which can be completed in one year or less rather than for the initiation of long-term projects which would take several years to finance and complete (including those projects which could be undertaken in stages). The basis for this contention is the idea that the amount of revenue sharing funds



allocated to any one unit of local government will not be of a sufficient amount to influence the initiation of projects which would take several years to complete. Also, due to the recent cut-backs in federal grant-in-aid programs, local officials are going to be reluctant to overextend themselves a second time.

(3) Localities will attempt to use funds to finance activities other than the "priority expenditures" of the revenue sharing program in order to implement adopted programs and/or satisfy political aspirations and desires of the local citizenry and elected officials. This hypothesis was predicated by the recent attempt by the City of Atlanta to distribute their allocated revenue sharing funds to local citizens in the form of water fee rebates as a method of relieving tax burdens. Local speculation contends that the rebate attempt was predicated by the fact that a mayoral election was scheduled during the initial year of funding.

(4) Localities affected by the recent cut-back in federal grant-in-aid programs will favor the grant-in-aid system over the present revenue sharing arrangement. The basis for this contention is that many cities were receiving much more revenue from the federal grant-in-aid programs than they are now receiving from the general revenue sharing program. Only cities affected by the cut-backs will be used to test this contention.

(5) Localities will have difficulty in programming expenditures in order to fulfill the requirements of Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972 unless they have an ongoing program for determining needed capital improvements. This section of the act requires that the local units of government submit reports setting forth amounts and purposes for which revenue sharing funds will be obligated.

(6) Localities will feel that the future importance of the revenue sharing program is contingent upon the adoption of the proposed "special" revenue sharing program, which is intended to replace several of the previous grant-in-aid programs. This contention is based on the belief that local units of government will not feel that the present funds being allocated are of a sufficient amount to offset the financial burdens and needs of most communities.

## CHAPTER IV

### RESEARCH METHOD

In order to test the hypotheses discussed in the previous chapter, it was necessary to undertake interviews with several units of local government which have received, spent, and/or obligated revenue sharing funds following the initial funding period of the general revenue sharing program. Due to the time limitations and complexity of such an undertaking, it was necessary to limit the interviews to a relatively well defined geographic area. The sample consisted of 15 cities within a 60-mile radius of the city of Atlanta, Georgia. In order to get a balanced view from the various types of communities, a broad spectrum of cities was selected. The selection of each city was based on the population, character, and geographic location of the community, and the amount of revenue sharing funds received during the initial funding period of the general revenue sharing program.

The cities chosen for the analysis were grouped into large, intermediate and small city classifications. This technique allowed the responses from each of the three groups to be examined independently, comparatively, and as one unit. Since several of the hypotheses did not apply to certain sizes of communities, the city classification allowed the interviews to consider only applicable local units of government with the selected hypotheses. In addition, it was originally felt that the city size would have a direct relationship to the level of local financial expertise. However, this contention did not prove correct in any of the cities interviewed. Each of the officials contacted was both aware of and concerned with the future growth

and development of his community, and quite knowledgeable of financial planning and budgeting.

The localities interviewed and the amount of funds each received during the initial funding period of the general revenue sharing program are as follows:

Table 2. Localities Interviewed and the Amount of Funds Received During the Initial Funding Period of the General Revenue Sharing Program

Locality	Amount of Funds Received*	City Classification
(1) Atlanta	\$3,042,473	Large
(2) DeKalb County	1,440,754	Large
(3) Gwinnett County	301,962	Intermediate
(4) Gainesville	176,617	Intermediate
(5) Marietta	119,453	Intermediate
(6) East Point	82,265	Intermediate
(7) Smyrna	63,818	Intermediate
(8) Decatur	50,393	Intermediate
(9) Douglasville	20,669	Small
(10) Chamblee	18,216	Small
(11) Lawrenceville	17,676	Small
(12) Jonesboro	14,722	Small
(13) Powder Springs	7,157	Small
(14) Stone Mountain	6,439	Small
(15) Alpharetta	3,936	Small

\*Amount of funds received for the first funding period (one-half year) of the general revenue sharing program. Funds were distributed in the month of December 1972.

## CHAPTER V

### SURVEY RESULTS

The results of the community interviews are presented in this chapter. Responses are used to test the contentions held by the thesis, and to derive conclusions as to the relationship between the revenue sharing program and local planning.

The interviews were conducted between April 16 and May 10, 1973, after each locality had committed its revenue sharing funds.<sup>33</sup> Respondents included mayors, city managers, city clerks, financial officers, and other individuals who had administrative responsibility for the expenditure of locally allocated revenue sharing funds during the initial funding period of the general revenue sharing program. The 15 officials contacted for the interviews were extremely cooperative, and gave their utmost attention and valuable time to completing the analysis. Since the revenue sharing program has been relatively well received, the officials were not reluctant to offer their opinions on the relationship of the program to local planning. Most of the officials interviewed knew a considerable amount about the revenue sharing program and have supported the concept of sharing federal funds with local units of government for some time. Thus, the information obtained from the interviews was extremely helpful in testing the validity of the hypotheses.

#### Hypothesis I

Hypothesis I contends that localities which have adopted goals and

objectives for community growth and development will have difficulty in implementing adopted programs due to the required use of funds for "priority expenditures," as defined by Subtitle A, Section 103 of the State and Local Fiscal Assistance Act of 1972.<sup>34</sup> The hypothesis is based on the belief that most units of local government have placed their major planning emphasis in functional areas which are not consistent with the established "priority expenditures" contained in the act.

Information obtained from the interviews indicated that the amount of conflict between locally planned goals and objectives for community growth and development and the "priority expenditures" established by the State and Local Fiscal Assistance Act of 1972 ranged from minimal to major following the initial funding period of the revenue sharing program. Of the 15 cities interviewed, 13 had adopted goals and objectives for community growth and development. The two communities which had not adopted goals and objectives were small cities. Of the 13 cities with goals and objectives, 10 indicated that the "priority expenditures" requirement of the general revenue sharing act was consistent with their locally adopted goals and objectives, while three felt that their major planning emphasis would have to be shifted in order to bring locally adopted goals and objectives into compliance with the "priority expenditures" requirement of the act.

One city manager for an intermediate city indicated that his city used its revenue sharing funds for the financing of top priority expenditures, as established by the city's Goals and Objectives Program. He felt that the revenue sharing program's "priority expenditures" were defined in such broad categories that the difficulty of compliance for the city--in terms of meeting its goals and objectives for community growth and development--was minimal.

The chief administrative officer for one of the large cities indicated that his community was able to satisfy several of its priority needs as well as satisfy the desires of several members of the Board of Aldermen with the expenditure of its initial revenue sharing funds. The city used approximately 40 percent of its funds for the initiation of projects recognized as top priority by its Capital Improvements Program. The remaining 60 percent of the funds were used to finance several projects deemed urgent in two of the city's wards by members of the Board of Aldermen.

Although the majority of the cities interviewed did indicate that they were able to comply with the "priority expenditures" requirement of the act in such a manner as to satisfy planned goals and objectives for community growth and development, several felt that the revenue sharing program was not capable of meeting their needs. A city manager for an intermediate city felt that his community would not be able to satisfy established needs by complying with the "priority expenditure" regulation of the act. The community is now in the process of adopting goals and objectives for the city with completion of the program expected in June 1973. Citizens are participating in the formulation of broad policy statements with which to direct future city programs. The manager stated that the area in which the citizens have voiced their greatest concern during the initial planning stages of the Goals and Objectives Program has been the area of improved educational services, which is not an eligible "priority expenditure." In addition, local elected officials have indicated that one of their main concerns--in terms of local needs--is the retirement of the city's bond indebtedness, which is also an ineligible expenditure of general revenue sharing funds. Thus, in the case of one intermediate city, the established

"priority expenditures" requirement of the act will not satisfy the most urgent needs of the community, nor will they advance the satisfaction of locally adopted goals and objectives for community growth and development.

Most of the cities interviewed indicated that although they were able to satisfy their goals and objectives, the total impact of the revenue sharing program on local development could be much more pronounced if no limitations were placed on the expenditure of the funds. The clerk for one small city felt that the federal government, by not allowing his city a "free hand" with which to spend the allocated funds, was actually implying that the city does not have the ability nor initiative to undertake activities which will satisfy the needs of its community. He felt that the "priority expenditures" requirement was not needed due to the fact that if the needs of local citizens were not satisfied by the expenditure of funds, the political process would remove those individuals who were responsible for the financial decisions, and replace them with officials who could better interpret the needs and desires of the populace.

Thus, the majority of the cities interviewed felt that their adopted goals and objectives for community growth and development were consistent with the "priority expenditures" requirement of the State and Local Fiscal Assistance Act of 1972. Most officials felt that the requirements of the act were broad enough to meet the needs of their communities. However, the general feeling from all communities--large, intermediate and small--was that the general revenue sharing program could be much more effective in their communities if the program had no limitations on the use of allocated funds. This opinion was not necessarily a reaction to the limitations of the present revenue sharing program, but a desire for greater local autonomy.



The cities felt that they were in the best position to determine local needs and that limitations on the use of funds should be directed from the level of government which can best satisfy the desires of its constituents, in terms of providing services.

### Hypothesis II

Hypothesis II states that revenue sharing funds will be used to finance short-term projects which can be completed in one year or less rather than for the initiation of long-term projects which would take several years to complete and finance (including those projects which could be undertaken in stages). The basis for this contention is the idea that the amount of revenue sharing funds allocated to any one unit of government will not be of a sufficient amount to influence the initiation of projects which would take several years for completion. Also, due to the recent cut-backs in federal grant-in-aid programs, it is felt that local officials will be reluctant to overextend themselves a second time.

Of the 15 cities interviewed, all but one city indicated that it would undertake short-term projects with general revenue sharing funds. The clerk for one of the small communities indicated that he would not be reluctant to commit the city to a long-term loan for the construction of a new city hall. He felt that the facility could be financed through a conventional loan and paid for within the five-year duration of the present general revenue sharing program. He indicated, however, that the city council did not agree with this philosophy, and the city will undertake projects which can be completed within a relatively short period of time.

The reasons given for not undertaking long-term projects with general

revenue sharing funds varied widely among cities interviewed. The city administrator for another small city felt that his community should not consider financing long-term projects with general revenue sharing funds because it would not be to the best advantage of the local government to be placed in a position of dependency on a federal program. He indicated that if his city initiated a particular program with its general revenue sharing funds, and the revenue sharing program was not continued after the initial five years, the city would be obligated to continue the program with locally collected revenue, if the citizens desired. He felt this situation would result in not only unfinished projects, but, also, the destruction of citizens' confidence in federal and local government.

The clerk for another small community indicated that his city would be reluctant to use the revenue sharing funds for projects which would take more than one year to complete since it would commit locally elected officials to certain courses of action. For example, if the city obligates its general revenue sharing funds for the construction of a new civic center which would require several years to finance, future elected officials would not be in a position to decide how revenue sharing funds should be spent since the funds had been previously committed. Thus, due to a pre-established policy of political courtesy, the use of general revenue sharing funds will be determined by locally elected officials on a year-by-year basis in this small community.

The clerk for an intermediate sized city indicated that his community would not consider undertaking long-term projects with general revenue sharing funds due to a fear of a potential property tax increase should the revenue sharing program be terminated following the initial five years. For

example, if a new program which created several new jobs and was depended upon by the local citizens to perform a vital local function, was initiated with the revenue sharing funds, the termination of the new program would meet a tremendous amount of local opposition. Local officials would be required to seek new methods by which to continue the program in order to satisfy the desires of the local populace. The only foreseeable solution would be an increase in the locally collected ad valorem tax which would result in an additional protest from other segments of the local population. Since the cost of undertaking new, long-term projects which could ultimately result in an increase in locally collected ad valorem taxes does not appear to yield a justifiable amount of both citizen and political benefits, short-term projects will be undertaken with the general revenue sharing allocations in this intermediate city.

An elected official for one large community indicated that its general revenue sharing funds will be used to finance "one-shot" projects which could be completed in a short period of time. The projects will be determined from a priority list, which is the method used for allocating all local funds. He felt that it would not be in the best interest of the community to make long-term commitments due to the short duration of the revenue sharing program. In addition, he felt it was not entirely unrealistic to assume that the revenue sharing program could be terminated prior to the 1976 deadline.

Thus, most local officials have chosen to utilize their initial revenue sharing funds for the initiation of short-term projects which can be financed on a "pay-as-you-go" basis. Large, intermediate, and small communities indicated that regardless of the amount of funds they received per

allocation, they would prefer to undertake activities with the general revenue sharing funds which can be completed in a short period of time. The underlying justification for this action is a general distrust in the future continuation of the revenue sharing program.

### Hypothesis III

Hypothesis III contends that localities will attempt to alter the guidelines of the revenue sharing program in order to implement adopted programs and/or satisfy political aspirations and desires of the local citizenry and elected officials. This hypothesis was predicated by the recent attempt by the City of Atlanta to distribute its allocated revenue sharing funds to local citizens in the form of water fee rebates as a method of relieving tax burdens. The American Civil Liberties Union contested the use of funds in court, and the City of Atlanta was forced to abandon the allocation plan. It may be that the rebate attempt was predicated by the fact that a mayoral election was scheduled during the initial year of funding.

This hypothesis was extremely difficult to test due to a general reluctance on the part of local officials to give any indication of falsifying the established guidelines of the general revenue sharing program. Only one city, Atlanta, had attempted to alter the guidelines of the act, and was forced by court order to divert the funds to more acceptable expenditures. However, indications are that the guidelines of the program did need alterations if they were to meet the needs of local government.

The city administrator for a small city indicated that the guidelines of the general revenue sharing program were simple enough to follow. However, the amount of "red tape" was still extremely time consuming. In order

to satisfy the reporting, legal, and numerous other requirements of the program, he is required to take valuable time from other local problems. In the long run, he indicated, this situation will not be much different from that created by the categorical grant programs which require vast amounts of work in order to satisfy the requirements of the programs. He would like to see the reporting requirements of the program eliminated in order that the local administrator can spend more of his time solving urgent local issues, and, in turn, determining better ways in which to allocate local revenues.

An elected official for a large community stated that the guidelines and amounts of revenue allocated by the general revenue sharing program were not meeting the community's most urgent needs. He indicated that local citizens had voiced their desire for the general revenue sharing funds to be used in the areas of housing and welfare. However, the community's attorney indicated that these two categories of expenditure were not allowable under the present "priority expenditures" requirement of the State and Local Fiscal Assistance Act of 1972, which the elected official indicated the locality would assume as correct. In addition, he stated that the general revenue sharing program did not allocate sufficient revenue to the community for it to satisfy its most urgent need, which is an adequate storm drainage system throughout the area.

The chief administrative officer for a large city felt that the guidelines of the general revenue sharing program were actually unlimited if the funds are used to free general fund monies. For example, if the locality desires to construct a low-income housing project, revenue sharing funds could be channeled into an eligible "priority expenditure" program which was previously being financed by general funds--such as a city recreational

program--and the recreational funds could be used to finance the construction of the low-income housing units.

Although most units of local government did not attempt to alter the guidelines of the program, several local units of government did find it difficult to comply with the established guidelines of the State and Local Fiscal Assistance Act of 1972. The guidelines were seen as cumbersome, limiting, and not related to the immediate needs of local citizens.

#### Hypothesis IV

As stated by Hypothesis IV, localities affected by the recent cut-back in federal grant-in-aid programs will favor the grant-in-aid system over the present revenue sharing arrangement. The basis for this contention is that many cities were receiving much more revenue from the federal grant-in-aid programs than they are now receiving from the general revenue sharing program. Only cities affected by the cut-backs were used to test this contention.

Of the 15 cities interviewed, nine indicated that they had been directly affected by the recent cut-backs in several federal grant-in-aid programs. Two large, three intermediate, and two small sized communities indicated that they preferred the present general revenue sharing programs over the terminated grant-in-aid programs. One intermediate and one small city preferred the categorical grant-in-aid programs.

An elected official for one large community indicated that his community would lose a considerable amount of federal aid due to the cut-backs in several categorical grant-in-aid programs. However, he preferred the general revenue sharing program even though it would mean less aid. He felt

that the revenue sharing methodology, by allowing local units of government to administer their own expenditure decisions, would allow the communities to spend the funds more wisely than by allowing federal agencies to designate areas for the expenditure of funds. In addition, he felt that by allowing localities to design their own development programs, local needs of the entire population can be more easily satisfied.

The city manager for an intermediate sized city indicated that his city had lost urban renewal, housing and potential open space projects due to the recent cut-backs in federal grant-in-aid programs. He felt that the dollar loss of these numerous projects would not be equaled by the present general revenue sharing program, but that the ease of administering the general revenue sharing program made up for the loss in total funds. In addition, he felt that the general revenue sharing program would result in much more worthwhile projects due to the fact that development decisions were now retained by the local level of government.

The city administrator for one small city also supported the present general revenue sharing program. He indicated that his community had anticipated receiving funds from the Department of Housing and Urban Development for open space development and the construction of water and sewer facilities. He felt that the city could have potentially received more funds from the HUD programs, but that he preferred the present general revenue sharing program due to the "no strings" character of the program. The general revenue sharing program will be much more responsive to the needs and desires of the local citizens, he indicated.

As for the cities which preferred the grant-in-aid programs, the clerk for a small community indicated that his city was expecting funds for

the extension of city water and sewer facilities prior to the termination of the grant-in-aid programs. Also, the city anticipated receiving additional open space funds for the completion of the city's recreational program. The clerk indicated that his city was in a position to receive substantially more revenue under the grant-in-aid program than they are now receiving under the general revenue sharing program. Thus, he preferred the grant-in-aid system over the general revenue sharing program.

A city manager for an intermediate sized city indicated that his city was severely affected by the recent cut-backs in categorical grant-in-aid programs. The city lost approximately \$345,000 under one HEW program, and will lose much more revenue due to the termination of presently funded and potential urban renewal, housing, water and sewer, and open space projects. He indicated that the city was well accustomed to the application procedures and requirements of the numerous categorical grant-in-aid programs, and, thus, had no difficulty in completing the requirements of the programs.

Thus, the majority of the large, intermediate, and small cities which have been affected by the recent cut-backs in federal grant-in-aid programs prefer the general revenue sharing program rather than the terminated grant programs. Due to the many detailed requirements of the grant-in-aid programs, local officials feel that they are required to spend an excessive amount of time in order to qualify for the funds. Under the revenue sharing program, local administrators have more time with which to plan for the use of funds rather than planning how to get more revenue from the program. In addition, it is felt that the general revenue sharing program will allow local officials to plan and implement projects that can best satisfy the needs of local residents, rather than having governmental agencies dictate policy.



Even though the amount of funds under the general revenue sharing program is not equal to the amount of aid that the local units of government could have potentially received under the grant-in-aid system, they are satisfied with the revenue sharing program since it will grant more local autonomy.

#### Hypothesis V

Hypothesis V contends that localities will have difficulty in programming expenditures in order to fulfill the requirements of Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972<sup>35</sup> unless they have an ongoing program for programming needed capital improvements. This section of the act requires that the local units of government submit reports setting forth amounts and purposes for which revenue sharing funds will be obligated.

Each of the 15 large, intermediate, and small sized cities indicated that they did have an established method by which to program needed capital improvements, and felt that it would not be difficult to submit a report setting forth the use of future general revenue sharing funds. In addition, all cities interviewed supported the need to plan for the use of local funds in terms of satisfying the most urgent needs of their communities.

The clerk for one small city indicated that the degree of difficulty in completing a long-range plan for the use of revenue sharing funds would depend on the ability of the city council to recognize the importance of the planning process in local financial decisions. The city does not have an established comprehensive planning program at this time. It is in the process of completing a future land use plan. However, financial planning and

capital improvements programming will not be included in the plan. The clerk indicated that the future use of general revenue sharing funds could be programmed for a five-year period, but the significance of the task would depend on the ability of the document to withstand the changing views of the local populace and local elected officials. Thus, he does not foresee difficulty in stating community needs in terms of a five-year schedule, but does anticipate a problem in convincing local officials of the need to follow a plan for the future growth and development of the city.

The clerk for an intermediate city also indicated that his community did not have an ongoing program for programming capital improvements. The city bases its financial decisions on established priorities and determines the allocation of revenue on a year-by-year basis. He indicated the city would not have difficulty in planning for the use of general revenue sharing funds for the first two years of the program without a comprehensive planning program. However, after the initial priority activities are completed, future accountability for the funds will become essential. A formal, ongoing planning program appears to be the best solution to the problem of determining the future use of the funds, he stated.

The financial director for an intermediate community indicated that the planning function and the determination of financial expenditures are not closely related in the operations of the local government. He felt that it would be extremely beneficial for the two programs to coordinate their activities in order to establish a method by which to combine the future needs of the community with the resources to implement plans. He felt that the planning process could greatly assist his office in determining the most appropriate areas for the expenditure of the general revenue sharing funds.

He indicated that the planning process would allow the money to be spent for the most urgent needs of the community. By combining the planning process and the operations of the financial department, their ability to plan for the future use of both general funds and revenue sharing funds would be enhanced.

Thus, it was determined from the interviews that the ability of local government to plan for the future use of general revenue sharing funds could be enhanced by an ongoing planning program for assessing community needs. Without such a planning program, the ability to account for the expenditure of funds will become much more difficult as additional general revenue sharing funds are received. This opinion was held by large, intermediate, and small sized communities.

#### Hypothesis VI

As stated by Hypothesis VI, localities will feel that the future importance of the revenue sharing program is contingent upon the adoption of the proposed "special" revenue sharing program, which is intended to replace several of the previous grant-in-aid programs. This contention is based on the belief that local units of government will not feel that the present funds being allocated are of a sufficient amount to offset the financial burdens and needs of most communities.

Each of the 15 cities interviewed felt that the future importance of the revenue sharing concept--in terms of solving local financial burdens--was contingent upon the allocation of additional funds. If the proposed "special" revenue sharing program returns more "unstringed" federal dollars to the local level of government, the inevitable result will be the enhancement

and fulfillment of the concept of allowing local units of government to plan and implement their own futures through local financial decisions.

The mayor of one small city indicated that the present funding of the general revenue sharing program was not enough to solve the financial problems of his city. The future funds, he felt, will not even be able to keep pace with inflation if additional revenue is not allocated to the program. He felt that the proposed "special" revenue sharing program would help his city if it channels more revenue to the local level of government with no more internal restrictions on the use of the funds than are presently required by the general revenue sharing program.

The chief administrative officer for a large city indicated that the present amount of general revenue sharing funds accounted for only about six percent of his total city budget. He felt that in order for the program to have any dramatic impact on the financial burdens of his community, the program would need a substantial boost in the annual allocations to the local level of government. In addition, he felt that the proposed "special" revenue sharing program could enhance the future of the program if the grants are substantially greater than the amount of funds which the city lost due to the recent cut-backs in several federal categorical grant programs. If the funds do not at least equal the categorical grant-in-aid funds, he added, "special" revenue sharing may actually contribute to the total financial problems of the city of Atlanta.

The clerk for an intermediate city indicated that the city's present general revenue sharing allocations would be adequate if the growth and development of the community were stagnant. However, the city is beginning to experience the pressures of urban growth generated by the City of Atlanta.

As greater numbers of people move from the city of Atlanta into his community, the demand for more and better services increases. In order for the city to keep abreast of the constantly increasing demand for better governmental services, the local financial receipts of the community must be increased. He felt that the constant growth and demands of the local populace could not be satisfied by the present amount of general revenue sharing funds allocated to his city. However, he added, it is anticipated that the proposed "special" revenue sharing program will assist the city in meeting the future service demands of the local citizens if the program allocates the same amount of funds that were requested from several of the terminated categorical grant programs.

Thus, as previously stated, each of the 15 large, intermediate, and small cities felt that the future success of the revenue sharing concept was contingent upon an increase in the amount of funds allocated to each unit of local government. Since the present general revenue sharing allocations are accounting for only a small percentage of most local budgets, the funds are not allowing the lower levels of government to offset a substantial amount of their greatest financial needs. In order for localities to relieve the financial burdens of the future, greater assistance from the federal government will be essential.

#### Summary of Interviews

As seen in Table 3, Hypotheses II, V, and VI were supported by the cities interviewed, while Hypotheses I, III, and IV did not receive the support of local officials.

Table 3. Interview Results

Hypotheses	Number of Cities Supporting Contentions	Number of Cities Not Supporting Contentions
Hypothesis I	3	10
Hypothesis II	14	1
Hypothesis III	1	14
Hypothesis IV	2	7
Hypothesis V	15	0
Hypothesis VI	15	0

Although the cities interviewed did not agree with the contentions held by three of the hypotheses, the responses obtained in testing these hypotheses were extremely beneficial to the analysis of the relationship between revenue sharing and local planning.

Hypothesis I contended that localities which had adopted goals and objectives for community growth and development would have difficulty in implementing adopted programs due to the required use of funds for "priority expenditures," as defined by Subtitle A, Section 103 of the State and Local Fiscal Assistance Act of 1972. Information obtained from the interviews indicated that the amount of conflict between locally planned goals and objectives for community growth and development and the "priority expenditures" ranged from minimal to major following the initial funding period of the revenue sharing program. Of the 15 cities interviewed, 13 had adopted goals and objectives for community growth and development. Of these 13 cities, 10 indicated that the "priority expenditures" requirement of the general revenue sharing act was consistent with their locally adopted goals and objectives, while three felt that their major planning emphasis would have to be

shifted in order to bring locally adopted goals and objectives into compliance with the "priority expenditures" requirement of the act. Most officials felt that the requirements of the act were broad enough to meet the needs of their communities. However, the general feeling from all communities--large, intermediate and small--was that the general revenue sharing program could be much more effective in their communities if the program had no limitations on the use of allocated funds. This opinion was not necessarily a reaction to the limitations of the present revenue sharing program, but a desire for greater local autonomy.

Hypothesis II stated that revenue sharing funds would be used to finance short-term projects which could be completed in one year or less rather than for the initiation of long-term projects which could take several years to complete and finance (including those projects which could be undertaken in stages). Of the 15 cities interviewed, all but one city indicated that they would undertake short-term projects with general revenue sharing funds. Large, intermediate, and small sized communities indicated that regardless of the amount of funds they received per allocation, they would prefer to undertake activities with the general revenue sharing funds which could be completed in one year or less. The underlying justification for this action was a general distrust in the future continuation of the revenue sharing program.

As stated by Hypothesis III, localities would attempt to alter the guidelines of the revenue sharing program in order to implement adopted programs and/or satisfy political aspirations and desires of the local citizenry and elected officials. This hypothesis was extremely difficult to test due to a general reluctance on the part of local officials to give any indication

of falsifying the established guidelines of the general revenue sharing program. Only one city, the City of Atlanta, had attempted to alter the guidelines of the act. This city was forced by court order to divert the funds to more acceptable expenditures. However, indications were that the guidelines of the program did need alterations if they were to meet the needs of local government. The guidelines were seen as cumbersome, limiting, and not related to the immediate needs of local citizens.

Hypothesis IV stated that localities affected by the recent cut-backs in several federal grant-in-aid programs would favor the grant-in-aid system over the present revenue sharing arrangement. Of the 15 cities interviewed, nine indicated that they had been directly affected by the cut-backs in several grant-in-aid programs. Two large, three intermediate, and two small sized communities indicated that they preferred the present general revenue sharing program over the terminated grant-in-aid programs. One intermediate and one small sized city preferred the categorical grant-in-aid programs. As a result of the many detailed requirements of the grant-in-aid programs, local officials feel that they are required to spend an excessive amount of time in order to qualify for the funds. Under the revenue sharing program, local administrators have more time with which to plan for the use of funds rather than planning how to get more revenue from the program. In addition, it is felt that the general revenue sharing program will allow local officials to plan and implement projects that can best satisfy the needs of the local residents, rather than having governmental agencies dictate policy as is the case under the grant-in-aid system. Even though the amount of funds under the general revenue sharing program is not equal to the amount of aid that the local units of government could have potentially received under the



grant-in-aid system, they are satisfied with the revenue sharing program since it will grant more local autonomy.

Hypothesis V contended that localities would have difficulty in programming expenditures in order to fulfill the requirements of Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972 unless they had an ongoing program for programming needed capital improvements. Each of the 15 large, intermediate, and small sized cities interviewed indicated that they did have an established method by which to program needed capital improvements, and felt that it would not be difficult to submit a report setting forth the use of future general revenue sharing funds. In addition, all cities interviewed supported the need to plan for the use of local funds in terms of satisfying the most urgent needs of their communities. It was felt that the ability of local government to plan for the future use of general revenue sharing funds could be enhanced by an ongoing planning program. Without such a planning program, the ability to account for the expenditures of funds will become much more difficult as additional revenue sharing funds are received.

Finally, Hypothesis VI stated that localities would feel that the future importance of the revenue sharing program was contingent upon the adoption of the proposed "special" revenue sharing program, which is intended to replace several of the previous grant-in-aid programs. Each of the 15 cities interviewed felt that the future importance of the revenue sharing concept--in terms of solving local financial burdens--was contingent upon the allocation of additional funds. Since the present general revenue sharing allocations are accounting for only a small percentage of most local budgets, the funds are not allowing the lower levels of government to offset a substantial

amount of their greatest financial needs. In order for localities to relieve the financial burdens of the future, greater assistance from the federal government will be essential.

## CHAPTER VI

### CONCLUSIONS

The general revenue sharing program, following its initial year of operation, can be considered a major step toward granting power to the local levels of government. By transferring funds with relatively few limitations on their use, the federal government is actually giving the local units of government a vote of confidence in their ability to determine the needs of their constituents. In addition, the stimulus for more and better local planning is provided by the general revenue sharing program since local units of government are granted funds to undertake needed activities without being forced to accept federal criteria as a guide to their implementation.

The general revenue sharing program, by placing few limitations on the use of funds, has granted more autonomy to the local units of government. As indicated by the community interviews, even though the revenue sharing program will mean fewer federal dollars in some communities than they could potentially have received under the grant-in-aid system, they are satisfied to accept the general revenue sharing program since it will allow them a stronger voice in the use of allocated funds. In addition, contrary to the controls which the federal government administered under the grant-in-aid programs, the general revenue sharing program allows local units of government much more authority in determining the use of allocated funds. The only required use of the funds is that they must be spent for certain "priority expenditures" established by the general revenue sharing act. According to the community interviews, the eligible uses are broad enough to cover

almost any need of a local unit of government.

The general revenue sharing program also allows local governments to undertake projects which will satisfy the most urgent needs of the community, rather than yield a greater matching federal dollar from Washington. As was the case with the grant-in-aid programs, communities which had approved federal projects were almost forced to channel their locally collected revenue into the grant-in-aid programs in order to obtain a maximum degree of support from the federal government. The result of this overdependence on the matching funds was that many communities were placing so much of their revenue in projects which would benefit only a certain functional area of local concern that other needed activities were being disregarded. Under the general revenue sharing program, local units of government will not be required to match federal dollars, which will allow them to consider local desires in terms of satisfying needs rather than matching dollars.

The general revenue sharing program will also assist the federal government in attempting to fulfill its responsibility for insuring that there is an equitable distribution of services throughout the entire nation. This principle is the foundation of intergovernmental fiscal relations. By allocating the revenue sharing funds on the basis of population and tax effort, funds are distributed on an equitable basis throughout the country, and supply those areas which are least able to afford major tax increases with capital to finance needed local services without demanding increases in locally collected revenues.

In addition to the many attributes of the general revenue sharing program, there are also several areas in which improvements will have to be made if the program is to stimulate a need for local planning.

If local units of government are to comply with their goals and objectives for community growth and development, the "priority expenditures" requirement of the State and Local Fiscal Assistance Act of 1972 must be broadened to include additional functional areas of community needs. The proposed "special" revenue sharing program may provide the needed boost to the total array of "priority expenditures." However, if the proposed program ignores the areas of housing, education, and other major capital items, the total impact of the revenue sharing concept, in terms of satisfying pre-planned goals and objectives for community growth and development, will be greatly hampered.

Every local unit of government desires to satisfy the needs of its populace without demanding tremendous increases in locally collected revenue. As a result, many needed services are furnished at inadequate levels in order to place fewer demands on the citizens of the community. Most of the service needs of a city require such tremendous capital outlays that they cannot be undertaken on a short-term basis. The services must be financed, and in many cases constructed, over a long period of time. As indicated by the interviews conducted for this thesis, local officials are reluctant to undertake long-term projects with general revenue sharing funds due to their general distrust in the future continuation of the revenue sharing programs. This feeling of doubt is partly based on the recent cut-backs in several categorical grant programs.

If the federal government intends to establish a stronger federal-state relationship through the revenue sharing concept, the support and trust of the local levels of government must be regained. The federal government must assure the localities that they can depend on the future

allocation of funds in order that the communities can plan and initiate long-term projects to be financed from the annual general revenue sharing receipts.

The guidelines of the general revenue sharing program are relatively unlimited; however, local units of government should be trusted to an extent that guidelines--other than those which assure the avoidance of fraud--are not needed. If local units of government are to feel that they are being given greater control over their own destinies, the guidelines of the general revenue sharing program should be revised in such a manner as to allow localities to spend less time completing forms, and more time examining future needs through planned activities.

Local units of government must realize that proper fiscal planning is the only justifiable method by which to determine the future financial needs of the community. Since public awareness and the mass media are constantly demanding accountability for governmental action, the establishment of and reliance on a sound planning program by which to determine the use of general revenue sharing funds must be initiated. The formality of such a program will be directly related to the size and complexity of governmental operations. However, regardless of the magnitude of local demands, the planning and budgeting process can greatly assist the community in undertaking projects which will satisfy the most urgent needs of the local populace.

## CHAPTER VII

FUTURE IMPLICATIONS OF THE REVENUE SHARING  
PROGRAM FOR LOCAL PLANNING

The future implications of the general revenue sharing program for local planning should be to stimulate both a need and an awareness of the necessity to properly program the use of city funds. Following the completion of "one-shot" projects which local political officials feel they must undertake in order to satisfy their immediate desires and/or the desires of their political supporters, a justified method by which to account for the expenditure of local revenue sharing funds will ultimately be demanded.

The general awareness of a need to plan for the future growth and development of the city has been evolving for some time at the local level of government. However, the actual stimulus with which to initiate the planning concept has been overshadowed by short-range city needs and desires of elected officials and constituent political factions. Also, due to the fact that the financing of most major improvements and projects requires either an increase in locally collected taxes or long-term financing to which most local officials are reluctant to commit a city, officials have been reluctant to look beyond the scope of one or two years into the future. The general revenue sharing program, although it accounts for only a small percentage of most local budgets, should act as a catalyst for the initiation of long-term, comprehensive planning since the program will provide additional funds with which to implement plans, without requiring either major tax increases or long-term financial commitments in the form of general obligation

and revenue bond issuances. Also, since accountability for the expenditure of revenue sharing funds is required by the guidelines of the program, the planning process appears to be the most logical mechanism by which to coordinate local needs with the expenditure of funds.

The revenue sharing program will stimulate new ideas and, in turn, new approaches to planning for local needs. Since the revenue sharing program contains only a minimal amount of external limitations and no internal restrictions on the use of allocated funds, a considerable amount of flexibility in designing local programs will be offered. Planners, if supported by local officials, can design programs which meet the exact needs of a given community, contrary to any established norm dictated by a higher level of government.

Since locally elected officials will be held accountable for the expenditure of allocated revenue sharing funds, they will rely much more heavily on assessing the desires of local residents, and planning programs to meet these needs. Under other forms of federal funding, local officials could always point a finger to Washington if projects were not successful. However, since the revenue sharing program allows the local units of government to determine the use of allocated funds, it will not be as easy to put the blame on the higher level of government. Thus, local officials will be persuaded to initiate activities based on sound planning criteria if they intend to justify their financial decisions.

Thus, once and for all, planners can expect to attain the true goal of planning, which is to accomplish that which has been planned. General revenue sharing, as well as "special" revenue sharing, will offer the city planner an entirely new avenue of challenge by providing funds within a framework of local autonomy.



## APPENDIX

On the following pages appears the Interview Questionnaire used in the field interviews conducted for this thesis.

## REVENUE SHARING AND LOCAL PLANNING: THE FIRST YEAR'S EXPERIENCE

Interview Questionnaire

The following questions are structured in such a manner as to test the validity of several hypotheses proposed in the thesis.

Hypothesis I

1. Does your city currently have a comprehensive planning program?
2. Has your city adopted goals and objectives for community growth and development?
3. Due to the requirement that funds must be spent on "priority expenditures," were you able to spend your revenue sharing funds in such a manner as to stay within the prescribed areas recognized by your established goals and objectives?
4. If the "priority expenditures" established by the Act were not consistent with the established goals and objectives for community growth and development, how has the revenue sharing program affected the established goals and objectives for your community?

Hypothesis II

1. Were your revenue sharing funds used for the financing of ongoing programs or for the financing of new capital improvements?
2. Why were the funds used in the particular manner in which they were used?
3. Would you be reluctant to use the funds for undertaking long-term projects which would take several years to complete and pay for? Why?

### Hypothesis III

1. Did you have difficulty in following and/or understanding the guidelines of the Act? If yes, in what way?
2. Were you able to follow the guidelines of the program in such a manner as to complete or undertake projects which were considered to be of the utmost importance to your community?
3. If the guidelines of the program were altered, what were the reasons for such action?
4. Do you feel that the guidelines of the program should be altered in order to meet the needs of your community? If yes, in what ways?

### Hypothesis IV

1. Was your city affected by the recent cut-backs in the federal grant-in-aid programs?
2. Approximately how much money has your city lost due to the recent cut-backs in the federal grant-in-aid programs?
3. In comparing the amount of money your city was receiving under the grant-in-aid system or the amount that you anticipate that you could have received if the programs had not been terminated with the amount of money which you are now receiving under the general revenue sharing program, which system of federal allocations do you favor? Why?

### Hypothesis V

1. Does your city have an established method by which to program or distribute funds for various categories of expenditures within the community?
2. What method is now used to determine the allocation of revenue for needed expenditures?

3. What method do you use or do you intend to use in programming the expenditure of revenue sharing funds? Why?
5. Do you foresee any difficulty in devising an adequate method by which to allocate the revenue sharing funds?
6. Do you anticipate any difficulties in complying with Subtitle B, Section 121 of the State and Local Fiscal Assistance Act of 1972 which requires each locality that is receiving revenue sharing funds to submit a report setting forth amounts and purposes for which revenue sharing funds will be obligated prior to receiving such funds?
7. Do you feel that a formal, ongoing planning program would assist your community in completing the report and, in turn, determining sound programs in which to invest the available revenue sharing funds?

#### Hypothesis VI

1. Do you feel that the current revenue sharing program will remove the financial burdens of your community?
2. Do you feel that the program will need additional funds in the future if the program is to be effective in your community?
3. What contribution do you feel the proposed "Special Revenue Sharing" will make to the total impact of the revenue sharing program?

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<sup>1</sup>The term "Fiscal Federalism," in relation to intergovernmental fiscal relations, refers to an assertion made by President Richard M. Nixon in August 1969. He emphasized the need to create a new federal-state relationship through which states and cities could have a far greater share of power and responsibility for solving their own problems through financial decisions.

<sup>2</sup>U.S. Congress, House and Senate, An Act to Provide Fiscal Assistance to State and Local Governments, To Authorize Federal Collection of State Individual Income Taxes, and For Other Purposes, H. R. 14370, 92nd Congress, 1972, pp. 1-29.

<sup>3</sup>Bruce, F. Davie and Bruce F. Duncombe, Public Finance (New York: Holt, Rinehart and Winston, Inc., 1970), p. 460.

<sup>4</sup>Ibid.

<sup>5</sup>John F. Due, Government Finance: Economics of the Public Sector (Homewood, Illinois: Richard D. Irwin, Inc., 1969), p. 320.

<sup>6</sup>Ibid., p. 321.

<sup>7</sup>Ibid., p. 322.

<sup>8</sup>Davie and Duncombe, Public Finance, p. 462.

<sup>9</sup>Ibid.

<sup>10</sup>Ibid.

<sup>11</sup>Due, Government Finance, p. 319.

<sup>12</sup>Ibid., p. 320.

<sup>13</sup>U.S. Congress, An Act To Provide Fiscal Assistance, pp. 1-29.

<sup>14</sup>Ibid.

<sup>15</sup>The term purposive sample refers to the method by which cities were chosen for the test of hypotheses included in this thesis. The purpose of the sample was to get a broad spectrum of viewpoints from numerous types of cities. The selection of each city was based on the population, character and geographic location of the community, and the amount of revenue sharing funds allocated to each city during the initial funding period of the general revenue sharing program. Cities chosen for analysis were grouped into large, intermediate and small classifications. This technique allowed the responses to be examined independently, comparatively, and as one unit.

16 "Revenue Sharing: Bitter Battle Looms In Congress," Congressional Quarterly Weekly Report, January 28, 1971, p. 213.

17 Edward G. Banfield, "Revenue Sharing in Theory and Practice," Article in Annual Editions: Readings In American Government '72-'73 (Kingsport, Tennessee: Dusking Publishing Group, Inc., 1972), p. 150.

18 Ibid.

19 Ibid., p. 152.

20 Ibid.

21 Due, Government Finance, p. 319.

22 Ibid., p. 320.

23 Ibid.

24 Banfield, "Revenue Sharing In Theory," p. 152.

25 Advisory Commission on Intergovernmental Relations. Revenue Sharing -- An Idea Whose Time Has Come (Washington, D. C.: U.S. Government Printing Office, 1970), p. 10.

26 U.S. Congress, An Act To Provide Fiscal Assistance, pp. 1-29.

27 Information included in this section was obtained directly from the State and Local Fiscal Assistance Act of 1972, Public Law 92-512.

28 Joe Hatcher, "Revenue Sharing Just a Mirage?" Atlanta Journal-Constitution, February 25, 1973, p. 2C.

29 "Revenue Sharing: Greater Latitude For the States," Congressional Quarterly Weekly Report, September 2, 1972, p. 2241.

30 Due, Government Finance, p. 319.

31 Mel Powell, "General Revenue Sharing: New Resources and New Responsibilities for State and Local Governments," Article in Appalachia, February-March, 1973, p. 50.

32 Information obtained from an interview with Mr. W. G. Bernhardt, Director of the Tullahoma Community Development and Housing Commission, Tullahoma, Tennessee, on April 16, 1973.

33 Information in this chapter was obtained from interviews with officials responsible for the allocation of the initial revenue sharing funds in localities within a 60-mile radius of the city of Atlanta, Georgia. Those individuals interviewed and the date of each interview is listed as follows:

Mr. Sidney Dees, Mayor for the City of Alpharetta, Georgia, May 10, 1973.

Mr. George Berry, Chief Administrative Officer for the City of Atlanta, Georgia, April 24, 1973.

Mr. W. B. Malone, Mayor for the City of Chamblee, Georgia, April 17, 1973.

Mr. Robert G. Mauney, City Manager for the City of Decatur, Georgia, April 17, 1973.

Mr. Bob Guhl, Chairman of the DeKalb County Board of Commissioners, DeKalb County, Georgia, April 30, 1973.

Mr. Cecil Banks, Clerk for the City of Douglasville, Georgia, April 25, 1973.

Mr. Walter P. Kidd, Clerk for the City of East Point, Georgia, April 25, 1973.

Mr. Ray Keith, City Manager for the City of Gainesville, Georgia, May 4, 1973.

Mayor Hugh Dickson, Mayor for the City of Jonesboro, Georgia, May 8, 1973.

Mr. Hugh H. Howell, III, City Administrator for the City of Lawrenceville, Georgia, April 26, 1973.

Mr. Gene Miller, City Manager for the City of Marietta, Georgia, April 24, 1973.

Mr. Bill Leachman, Clerk for the City of Powder Springs, Georgia, April 25, 1973.

Mr. L. W. Charles, Clerk for the City of Smyrna, Georgia, April 26, 1973.

Mr. Randolph Medlock, Mayor for the City of Stone Mountain, Georgia, May 1, 1973.

<sup>34</sup>U.S. Congress, An Act To Provide Fiscal Assistance, pp. 1-29.

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